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ABSTRACT

The National and Community Service Act of 1990 (P.L. 101-610), enacted in November 1990, authorized the establishment of a program for minority students to receive financial assistance grants in preparation and exchange for Peace Corps service. Although more than 3 years have passed since the enactment of the authorizing legislation, the demonstration program has not yet been fully implemented. As of January 1994, nine college and universities have agreed to participate in the program; however, no students have been awarded grants. According to officials of the Commission on National and Community Service the Peace Corps' program was given relatively lower priority because it was smaller than many other programs authorized by the legislation. Peace Corps officials said the demonstration program could not be considered one of its high-priority programs given the funding level for the program. University officials raised some concerns. Officials at several schools targeted to participate in the program reported that in their opinion, the $5,000 institutional grants and the $1,000 per year student grants were too small, and that the Peace Corps needed to increase its visibility and presence on their campuses to help promote the program. (The following items are appended: a list of the colleges and universities targeted for the Peace Corps Preparatory Grant Program; comments from the Corporation for National and Community Service; and comments from the Peace Corps.) (YLB)

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ED 366 829

United States General Accounting Office

GAO

Report to Congressional Committees

February 1994

PEACE CORPS

Status of the Educational Assistance Grants Demonstration Program

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GAO

United States
General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division

B-255970

February 25, 1994

The Honorable Edward M. Kennedy
Chairman
The Honorable Nancy L. Kassebaum
Ranking Minority Member
Committee on Labor and Human Resources
United States Senate

The Honorable William D. Ford
Chairman
The Honorable William F. Goodling
Ranking Minority Member
Committee on Education and Labor
House of Representatives

The National and Community Service Act of 1990 (P. L. 101-610), enacted in November 1990, authorized the establishment of a program for minority students to receive financial assistance grants in preparation and exchange for Peace Corps service.[1] The act established the Commission on National and Community Service,[2] and, among other things, authorized it to make grants to carry out the program. The act required us to evaluate this program and report to the appropriate committees 3 years after passage of the act.

Background

One of the goals of Public Law 101-610 was to enable young Americans of minority ethnicity to make a commitment to service in the Peace Corps by removing barriers created by the costs of higher education, loan indebtedness, and the cost of housing. The act limited eligibility for the program to individuals who (1) had completed at least 2 years of satisfactory study at an institution of higher education, were enrolled in a 4-year program culminating in a bachelor's degree, and who could complete the program within 2 years; (2) agreed upon graduation to serve a tour of 2 years as a Peace Corps volunteer; and (3) were selected through a competitive process established by the Peace Corps. The act

[1]The Peace Corps has had difficulty in the past recruiting minority volunteers. See Peace Corps: Meeting the Challenges of the 1990s (GAO/NSIAD-90-122, May 18, 1990) and Peace Corps: Progress in Minority Representation (GAO/NSIAD-92-76, Jan. 13, 1992).

[2]The Corporation for National and Community Service, established under the National and Community Service Trust Act of 1993, P.L. 103-82, succeeded and replaced the Commission on National and Community Service.

limited participation in the demonstration program to not more than 50 individuals.

The Commission and the Peace Corps reached agreement in February 1993 on a $100,000 demonstration program in which (1) a number of predominantly minority colleges and universities would receive funds to assist in recruiting and nominating qualified students for Peace Corps educational assistance grants and (2) educational assistance would be provided to up to 50 eligible junior and senior minority students from these institutions in exchange for Peace Corps volunteer service. A June 1993 addendum to the February agreement set the amount of the student grants at $1,000 per year, as proposed in the Peace Corps' January 1992 concept paper.

Results in Brief

More than 3 years have passed since the enactment of the legislation calling for a demonstration program for minority students to receive financial assistance in exchange for future Peace Corps service, but the demonstration program has not yet been fully implemented. As of January 1994, nine colleges and universities had agreed to participate in the program; however, no students had been awarded grants. Officials of the Commission on National and Community Service said the Peace Corps' program was given relatively lower priority because it was smaller than many of the other programs authorized by the legislation. Peace Corps officials said that the demonstration program could not be considered one of its high-priority programs given the funding level for the program.

It is too early to tell whether the program the Peace Corps has designed will be effective in accomplishing its purposes. However, concerns have been raised by some university officials. Officials at several schools targeted to participate in the program told us that in their opinion, the $5,000 institutional grants and the $1,000-per year student grants were too small, and that the Peace Corps needed to increase its visibility and presence on their campuses to help promote the program. We did not determine what size the institutional and student grants should be; however, school officials indicated that other available student aid programs may be more attractive. Although the Commission had allocated $200,000 for the first year of the Peace Corps' program in March 1992, the Peace Corps chose initially to accept only $100,000 because it said it was already spending $11 million to recruit volunteers.

Program Implementation Has Been Slow

Several factors contributed to the slow progress in implementing the demonstration program at the Peace Corps, including (1) not establishing the Commission's operational structure until 10 months after the legislation was enacted, (2) extended negotiations between the Commission and the Peace Corps, and (3) a longer than anticipated start-up period at the Peace Corps. The Peace Corps initially expected to have the program operational, with institution and student grants awarded, during the 1993 fall semester. However, Peace Corps officials now do not expect the program to be fully operational until mid-1994—almost 4 years after the legislation's passage. It will be at least another year after that before any student enters the Peace Corps under this program.

Delays have occurred at both the Commission and the Peace Corps. Commission members were not appointed until September 1991, the Executive Director was not selected until October 1991, and the Commission's regulations were not adopted until February 1992. The Commission, therefore, was not yet fully operational when the Peace Corps submitted its initial program proposal in a concept paper in January 1992. (The Peace Corps initially requested program funding information from the Commission in November 1991, but was told to submit a program proposal in early 1992.) The Commission considered the proposal at its June 1992 meeting, and according to the Commission, it approved the Peace Corps' project at that time. A formal memorandum of understanding was signed on February 3, 1993, setting forth the program objectives, responsibilities, funding, and duration. Program funding became available in March 1993 when the Commission approved and obligated $100,000 in fiscal year 1993 funds, the amount requested by the Peace Corps. More specific objectives and program guidelines, including the amount of the educational assistance grants to students, were included in an addendum dated June 9, 1993.

The absence of a program officer at the Commission contributed to the program's slow implementation. The program began gaining momentum in January 1993 after the Commission hired a consultant to, among other things, oversee the program. Commission officials acknowledged that they had given higher priority to the higher dollar value programs mandated by the legislation, and relatively less urgency to lower dollar value (under $1 million) programs such as the Peace Corps program.

The Peace Corps program implementation hinges on the participation of selected colleges and universities. However, in most cases, the Peace

Corps did not contact the targeted institutions until July 1993, about 18 months after it submitted its proposal to the Commission, and 5 months after the memorandum of understanding with the commission was signed. The Peace Corps' plan at that time was for the institutions to submit proposals for participation in the program by August 31, 1993; to review, evaluate, and approve the proposals; and to notify the selected institutions and nominated students of grant awards by January 1994. By September 1993, only three institutions had responded to the Peace Corps' invitation to participate in the program, and one additional university had submitted an unsolicited proposal. Between September 1993 and January 1994, agreements with five additional schools were reached, but no student grants had been awarded.

Program Development

The program, as designed, would consist of (1) grants to 8 to 10 predominantly minority colleges and universities to assist the Peace Corps in carrying out the program and (2) educational assistance grants to up to 50 qualified undergraduate students.

Among other things, the program is to provide grants of up to $5,000 to selected colleges and universities, based on proposals submitted by the institutions and approved by the Peace Corps. The program targets mainly Historically Black Colleges and Universities and institutions among the Hispanic Association of Colleges and Universities. Participating institutions must agree to aid the Peace Corps in recruiting by

- promoting awareness of the Peace Corps and volunteer service benefits,
- identifying and recommending to prospective volunteers courses for which the Peace Corps has a special need,
- referring at least five qualified grant applicants from underrepresented groups, and
- submitting periodic progress reports to the Peace Corps.

The 10 primary and 6 alternate colleges and universities targeted for the program were selected from among 92 Historically Black Colleges and Universities, 25 members of the Hispanic Association of Colleges and Universities, and other institutions with high populations of underrepresented groups.[3] The institutions were targeted for consideration on the basis of the extent to which their courses and degree awards matched the special needs of the Peace Corps and on their

[3]The primary and alternate institutions are listed in appendix I. The Peace Corps defined traditionally underrepresented groups as African-Americans, Hispanic Americans, Asian and Pacific Islanders, and American Indians.

commitment to implementing the program. Peace Corps officials at 15 area recruiting offices recommended institutions in their areas. Such recommendations were important considerations in making the final selections.

The Peace Corp plan proposed awarding annual $1,000 educational assistance grants to up to 50 eligible undergraduate students who agree to participate in the program and upon graduation satisfactorily complete volunteer tours in the Peace Corps. Grant recipients must be junior or senior students from a participating college or university. If the $1,000 grant was awarded for a student's junior year, the student would be eligible for a second $1,000 grant for his or her senior year. Selection criteria limits grant recipients to enrolled students who are

- from traditionally underrepresented groups;
- recommended by their institutions based on interest in Peace Corps service, specialized courses taken, and financial needs; and
- expected to possess needed special skills.

The program includes provision for the Peace Corps to recoup funds from grant recipients who fail to either complete their educational program or their tour of volunteer service. Decisions regarding waiver of repayment of defaulted grant monies will be made on a case-by-case basis by the Director of the Peace Corps.

The Commission notified the Peace Corps in March 1993 that funds were available for immediate transfer to implement the demonstration program. The Commission had allocated $200,000 for the program for fiscal year 1993; however, the Peace Corps proposed to use and accepted only $100,000. Because grants were not awarded in fiscal year 1993, the Peace Corps carried the $100,000 over to fiscal year 1994. In September 1993, the Commission approved an additional $100,000 to continue the Peace Corps program into fiscal year 1995.

In explaining the rationale for its proposed $100,000 program, the Acting Peace Corps Director told the Commission that $11 million of its annual budget was already being spent to recruit volunteers and that many more applicants were applying than could be accepted for volunteer service. The Acting Director also pointed out that the Peace Corps had made significant progress between 1990 and 1992 in recruiting minority volunteers, increasing its minority representation from 7 percent to 13 percent during the period.

University Officials Expressed Concerns About the Program

To obtain the universities' perspectives on the Peace Corps' program proposal, we contacted officials at eight colleges and universities targeted by the Peace Corps, as well as an official from the institution that submitted an unsolicited proposal. The officials expressed several concerns about the program, including its tight implementation schedule and limited funding. They also commented on the Peace Corps' limited presence and visibility on their campuses. Several officials noted that the Peace Corps' proposals were received during the summer, when faculty and staff levels were significantly lower than when classes were in session, making it difficult to meet the August 31, 1993, response date.

Officials at five of the nine institutions said the $5,000 grant was too small to cover the activities and expenses involved in administering the program, and would have to be supplemented from other university resources. Officials at six institutions said the $1,000-per year student grants may be too small to induce students to participate in the program. Most of the officials told us that the Peace Corps needs to increase its visibility and presence on their campuses if sustained, increased minority recruitment is to be achieved. They said increased Peace Corps recruitment efforts and greater visibility on campus would help them promote the program.

Agency Comments and Our Evaluation

The Commission (now the Corporation for National and Community Service) agreed with the facts presented in our report, and stated that the Peace Corps demonstration program was not implemented as quickly as other programs authorized by the National and Community Service Act of 1990. However, the Commission asserted that progress in implementing the program had not been slow.

The Peace Corps stated that it was not responsible for any of the delays in program implementation, and said it could have done nothing to implement the program more rapidly. It further stated that the program as designed will meet the goals of the act. We believe that delays at both the Commission and the Peace Corps have contributed to the slow implementation, and more than 3 years after enactment of the legislation, the program had not progressed to a point where any meaningful assessment of the program could be made.

Scope and Methodology

In conducting our review, we reviewed pertinent legislation, source documents, and files on the Peace Corps preparatory grant recruitment

program. We interviewed Peace Corps, Commission on National and Community Service, and Department of Education officials in Washington, D.C., and selected college and university officials, and reviewed documents regarding funding, planning, development, and implementation of the program. Our review did not include determining what sizes the institution and student grants to be awarded under the program would need to be to induce appropriate participation.

We conducted our review between June 1993 and January 1994 in accordance with generally accepted government auditing standards. The Corporation for National and Community Service and the Peace Corps provided written comments on a draft of this report. Their comments are reprinted in appendixes II and III, respectively.

We are sending copies of this report to the Chairmen, Senate and House Committees on Appropriations, Senate Committee on Foreign Relations, and House Committee on Foreign Affairs; the Director of the Peace Corps; the Chief Executive Officer of the Corporation for National and Community Service; and the Director of the Office of Management and Budget. We will also make copies available to others upon request.

If you have any questions or need additional information, please call me at (202) 512-4128. Major contributors to this report were David R. Martin, Assistant Director, and Wyley Neal, Evaluator-in-Charge.

Joseph E. Kelley
Director-in-Charge
International Affairs Issues

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Colleges and Universities Targeted for the Peace Corps Preparatory Grant Program

Primary Schools

Alabama A&M, Normal, Alabama
California State Polytechnic University, Pomona, California
Central State University, Wilberforce, Ohio
Delaware State College, Dover, Delaware
Florida International University, Miami, Florida
Herbert A. Lehman College, Bronx, New York[2]
New Mexico Highlands University, Las Vegas, New Mexico
North Carolina A&T, Greensboro, North Carolina
Southern University, Baton Rouge, Louisiana

Note: One of 10 primary universities and colleges was deleted by the Peace Corps after we found that it did not meet the Peace Corps' selection criteria.

Alternate Schools

Atlanta University Complex, includes Clark Atlanta University, Morehouse College, Morris Brown University, and Spelman College, Atlanta, Georgia
Florida A&M University, Tallahassee, Florida
Paul Quinn College, Dallas, Texas
Prairie View A&M University, Prairie View, Texas
Texas Southern University, Houston, Texas
Tuskegee University, Tuskegee, Alabama

[2]Lehman College was replaced by Rutgers University, New Brunswick, New Jersey.

Comments From the Corporation for National and Community Service

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

January 14, 1994

Mr. Frank C. Conahan
Assistant Comptroller General
U.S. General Accounting Office
Washington, DC 20548

Dear Mr. Conahan:

Thank you for your draft report on the Peace Corps demonstration program (GAO code 711028).

This program, which was authorized by the National and Community Service Act of 1990, was initially administered by the Commission on National and Community Service. As you know, the Commission's program and responsibilities are now being administered by the Corporation for National and Community Service.

See comment 1.

Your report is correct insofar as the program's not being implemented as quickly as some of the other Commission programs. But I would not characterized this as "slow progress," as suggested by the title of your draft report.

The Commission was established in September 1991 (the date the Board was appointed). The Commission was able to organize itself, issue regulations governing the Peace Corps training demonstration and other programs, issue grant applications, review grant proposals, and make grant awards within a period of six months. Initially it concentrated on the larger programs authorized in the legislation. Nevertheless, by June, nine months after it was established, it approved the Peace Corps project. Commission board members and staff expended considerable energy in meeting with Peace Corps staff discussing the project and its needs. These discussions were necessary to address conflicting views of program emphasis. An additional delay occurred between the agreement on program emphasis and the drafting of the interagency agreement by the Peace Corps.

See comment 2.

However, I am pleased to report that, with the groundwork properly laid, the first grants to the colleges are expected in early 1994. All other activities are on schedule.

1100 VERMONT AVENUE, NW • WASHINGTON, DC 20525

Again thank you for the opportunity to comment on the draft report. Please call me if you have additional questions or wish to discuss our comments further.

Sincerely,

Eli J. Segal
Chief Executive Officer

GAO Comments

1. While time frames were not specified in the November 1990 legislation, Congress clearly expected the program to be far enough along by October 1993 for us to evaluate its effectiveness. As discussed in this report, program implementation still has not progressed to the point where any meaningful evaluation can be made. Therefore, we believe "slow progress" is an apt characterization. Nevertheless, we have modified the title of the report to overcome the concerns as to which entity was most responsible for the delays.

2. Although the Commission approved in principle a demonstration program for the Peace Corps, it should be noted that final agreement on the program was not reached until 1 year later in June 1993.

Comments From the Peace Corps

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

PEACE CORPS
OF THE UNITED STATES
DIRECTOR

January 4, 1994

Mr. Frank C. Conahan
Assistant Comptroller General
National Security and
International Affairs Division
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Conahan:

Thank you for providing us an opportunity to comment on your draft report on the status of the Peace Corps' portion of the Commission on National and Community Service's demonstration program. Attached for your review and consideration are detailed comments on specific matters raised in the draft report. As you will note, we believe many of its conclusions are seriously in error.

See comment 1.

First, we strongly object to the report's implied conclusion that the fact that the Educational Assistance Grants Program authorized by P. L. 101-610, the National and Community Services Act of 1990, has not been fully implemented is the result of Peace Corps inaction. As the report itself states, the Peace Corps submitted a proposal to the Commission in January, 1992, but it was not approved by the Commission until February, 1993. Funds were not made available to the Peace Corps until April, 1993. As a result, we were unable to solicit student grant applications for the Fall, 1993 term. Applications are now being received and the first grants will be issued early in 1994. All other activities are on schedule.

See comment 2.

Second, we find the criticism of the program design unjustified. This is a small demonstration project aimed at a difficult task - increasing the number of minority Volunteers in the Peace Corps. The Congress limited the number of participants in each year of the project to fifty (50). Given the small sum available to conduct the demonstration, $100,000 in each of two years (not a total of $100,000 as stated in the report), the Peace Corps had to decide how to achieve the greatest effect. After considerable thought, it was decided that grants of $1,000 in each of two years to a maximum of fifty participants would be consistent with the Peace Corps policy that monetary concerns should not be a primary motivator of Peace

1990 K STREET, N.W. WASHINGTON, D.C. 20526

Corps service, while still providing an incentive for participation. Since the first grants are now being processed, it remains to be seen whether our decision was correct, but to make any judgment at this point based on the speculations of a few school officials is obviously premature. We believe that the program designed by Peace Corps and the Commission clearly meets both the legislation's and Peace Corps' objectives.

Peace Corps also decided to make small ($5,000) grants to a limited number of minority schools to improve the flow of information to students and to identify potential grant applicants at those institutions. Agreements with nine colleges are in place, but it is too early to evaluate the effectiveness of this approach.

See comment 3.

Finally, to confuse this small specialized program with Peace Corps' overall recruiting activities is inappropriate and misleading. The Peace Corps has long had an active and aggressive program for the recruitment of minority Volunteers from minority colleges and universities and elsewhere. This program is successful and continuing. In recent years there has been a significant increase in the number of minority Peace Corps Volunteers and we look for a continuation of this trend.

See comment 4.

The Peace Corps is proud of the success it has had over the past five years in improving the recruitment of minority Volunteers. We are continually looking for ways to make additional improvements in our ability to attract minority applicants to the Peace Corps, both in our overall recruiting efforts and in this demonstration project.

We appreciate the opportunity to comment on the draft and request that our written comments, including the attachments, be included in your final report in their entirety. We would be pleased to discuss our comments further with members of your staff. Once again, thank you for permitting us an opportunity to comment on the draft report.

Sincerely,

Carol Bellamy
Director, Peace Corps

Attachment I

Memorandum

To: Carol Bellamy, Director
From: George Salvatierra, D/Recruitment
Date: January 4, 1993
Subject: GAO Draft Report on the Peace Corps' portion of the Commission on National and Community Service's demonstration program

1. GAO's suggestion that progress has been slow:

See comment 1.

GAO's suggestion in the draft report that Peace Corps is responsible for the program not being fully implemented after three and a half years is misleading. While it is true that the program is not yet fully implemented, we disagree with the inference that Peace Corps could have moved the program along much faster or that the delay in implementation will affect program objectives.

Peace Corps' proposal was submitted to the Commission on National and Community Service (CNCS) in January 1992. The CNCS considered the proposal in June but did not formally agree to it until February 1993, and did not provide funding until March 31, 1993. Peace Corps did not receive both the approval and resources to begin implementing the program until April 1, 1993--two and a half years after the legislation was passed. At the time GAO staff completed its review, Peace Corps had been working on the program for less than seven (7) months.

See comment 3.

Between April and July, 1993, Peace Corps refined the application process, clarified loan collection activities with the Departments of Education (DOE) and Treasury (DOT), researched and established minority school selection criteria, selected the most appropriate schools, completed the statement of work for the schools, coordinated the activities with our responsible Area Offices, visited and/or met with officials of all nine schools selected, and cleared all program activities with numerous Peace Corps and CNCS officials.

See comment 5.

Peace Corps could not begin contacting schools until both a workable statement of work and a suitable grant application document had been established. This required having extensive discussions with OMB to get their approval of a new application form and with DOE and DOT to establish their loan collection responsibilities; obtaining all legal and contractual clearances, and making preliminary contact with over a dozen schools. Based on these activities, we made final program changes in mid-May and, in June, prepared a draft contract from which to begin negotiations with prospective schools. All of these points were discussed with your evaluators yet none are acknowledged in the report. Contrary to your report, we began discussions

1

Attachment I

with some schools in May and had contacted most by the end of June--three months after we obtained the Commission's approval for the program. By the end of July, we had visited most of the schools selected.

See comment 1.

While there may have been opportunities to speed up the process by a few days or weeks, we are hard pressed to identify any significant time savings even under optimum conditions and with the availability of additional resources. Even though we did not meet our own schedule to have students apply for grants by the Fall of 1993, all other program activities were on schedule. This schedule change was due more to our overly optimistic plan than to any programming delays. Furthermore, recognizing that the legislation limits the number of individuals that can receive grants to fifty (50), we do not see how these schedule changes in any way adversely affected the overall objectives of the program.

2. **Observations on the program design:**

See comment 2.

While the draft report did not to reach independent conclusions about the program's ability to meet design objectives, it did focus on concerns raised by a few university officials shortly after receiving our proposal. The report does not comment on whether it believes these concerns are realistic or reasonable. In summary, the university officials reportedly were concerned about:

- the program's tight implementation schedule;
- limited funding (for the schools); and
- the grants being too small to "induce students to participate."

Peace Corps was granted $100,000 in 1993 to (1) administer the program, (2) fund both the institutional and student grants, and (3) provide the needed training. We agree that the $5,000 offered to schools is small and that more could be done with additional funds. We also recognize that some of the schools had agreed to supplement the program from their own resources. As with most other programs Peace Corps is involved in, we believe that getting other institutions to assume responsibility and share costs ultimately results in stronger programs.

See comment 6.

Similarly, single grants of $1,000 may be too small to attract some eligible students. For this reason, we are offering these grants to minority students during both their Junior and Senior years--up to $2,000 per student. We believe this will be sufficient to induce the 25 to 40 students that available funding from this grant will allow.

See comments 1 and 2.

Recognizing the limited funds available, we believe that the balance of funds we allocated for all three program components is appropriate.

Attachment I

Designating additional funds for either the schools or the students would require reducing funds for the other.

The report also fails to acknowledge that the Peace Corps requested and was granted an additional $100,000 in September 1993 from the CNCS. This will enable the Peace Corps to continue the program at least through February 1995.

3. Comments on specific matters raised in the report

Page 2/3- "The CNCS and the Peace Corps reached agreement in February 1993 on a $100,000 demonstration program in which ... (2) educational assistance of $1,000 would be provided to up to 50 eligible minority students . ."

Peace Corps observation: The MOU between the CNCS and Peace Corps in February 1993 makes no mention of the amount of assistance to be provided to individual students.

Page 3 - "Only four colleges and universities had submitted proposals to participate in the program, ... as of December 1993."

Peace Corps observation: Only five of the nine colleges selected were required to submit proposals. The other four schools have existing "strat" contracts with Peace Corps that were amended to include the prep program. As of December 1993, all nine schools had either submitted a proposal or amended an existing contract.

Page 4 - (also p. 7) "Although the CNCS allocated $200,000 for the Peace Corps' program, the Peace Corps chose to accept only $100,000 because it said it was already spending $11 million to recruit volunteers."

Peace Corps observation: To the best of our knowledge, the CNCS did not communicate the amount it was prepared to provide Peace Corps prior to the submission of the proposal. The Peace Corps prepared its proposal based on its best estimate of program requirements at the time.

Page 4 - (and p. 11) "Prior GAO reports have pointed out the need for greater Peace Corps visibility on the campuses of predominantly minority colleges and universities."

Peace Corps observation: While we recognize the continued need to increase Peace Corps visibility in minority schools, we are not sure why this comment is included in this report. First, the program's legislated requirements would not allow any of the funds to be used to increase

See comment 6.

Now on p. 2.

See comment 6.

Now on p. 2.

See comments 3 and 6.

Now on pp. 2 and 5.

See comment 7.

Now on p. 1.

See comment 4.

Attachment I

"Peace Corps visibility." Second, issues surrounding Peace Corps' ongoing (and successful) efforts to increase minority representation among volunteers are outside of the scope of the audit and were not discussed with Peace Corps' staff. We would be pleased to discuss, in detail, all of the efforts Peace Corps has made over the past five years to increase its visibility on minority campuses and to improve recruitment of minority volunteers.

Now on p. 5.

Page 6 - "The Peace Corps plan proposed $1,000 educational assistance grants to up to 50 eligible undergraduate students..."

See comment 6.

Peace Corps observation: The Peace Corps plan calls for $1,000 grants to be offered to students in their Junior and Senior years for a total of up to $2,000. This was done to increase the incentive to students to participate in the program.

Now on p. 5.

Page 7 - "The Department of Treasury will be responsible for collecting defaulted grant monies."

See comment 6.

Peace Corps observation: After lengthy discussions with DOT and DOE, the Peace Corps determined that it would handle any and all collection procedures regarding defaulted grant monies.

Now on p. 5.

Page 7 - "Peace Corps officials told CNCS that $11 million of its annual budget was already being spent to recruit volunteers and that many more applicants were applying than could be accepted for volunteer service."

See comment 7.

Peace Corps observation: There is no connection whatsoever between the general level of expenditure for Peace Corps recruiting and this demonstration program. While Peace Corps received over 13,600 applications for about 3,600 positions for volunteer service in FY '93, the Agency continues to recruit for volunteers with certain technical skills and from traditionally underrepresented ethnic groups. The point of the demonstration program was to supplement that specialized effort.

Now on p. 3.

Page 8 - "The Peace Corps expected to have the program operational, with institution and student grants awarded, during the 1993 semester."

See comment 8.

Peace Corps observation: Peace Corps only expected to have the "institution" grants offered by the Fall semester. All but one of these were awarded during this period. We did not plan to award "student" grants until 1994.

The following are GAO's comments on the Peace Corps' letter dated January 4, 1994.

GAO Comments

1. Our report clearly shows that the Commission shares in the culpability for the slow start. Nevertheless, documentary evidence provided by the Peace Corps shows that it submitted the demonstration program concept paper to the Commission on January 8, 1992, and followed up with its tentative plan for the demonstration program in March 1992. By June 1992, the Commission had approved the Peace Corps' proposal in principle, and by September 1992, had allocated $200,000 for the Peace Corps' demonstration program. While the legislation did not specify a time frame within which Congress expected the program to be implemented, Congress clearly expected the program to be far enough along for us to evaluate its effectiveness by October 1993. As stated in this report, no minority student had received any financial assistance more than 3 years after the legislation was enacted. It is still too early to tell whether the program will be effective in increasing the number of minority volunteers in the Peace Corps.

2. We agree that it remains to be seen whether the Peace Corps' decision on the program design was correct. However, we believe that concerns raised by a number of college and university administrators, who regularly deal with student aid programs, should not be offhandedly dismissed. They represent a key to the success of the program as the Peace Corps has designed the program.

3. Agreements with five of the nine colleges and universities were finalized between late September 1993 and January 1994.

4. Evaluating the Peace Corps' minority recruitment program was beyond the scope of this review, and we have deleted these observations from our final report.

5. We believe the Peace Corps did not have to wait until the May to July 1993 time frame to begin contacting schools. It should be remembered that (1) the legislation was enacted in November 1990 and (2) the Commission agreed in principle to the program in June 1992.

6. These matters have been considered and are discussed in our report as appropriate.

7. According to a transcript of the Commission's proceedings, the Acting Director of the Peace Corps made this connection in discussing the Peace Corps program with the Commission on March 30, 1992.

8. The Peace Corps' letter dated July 12, 1993, to the universities states that grants were expected to be awarded to students for the spring 1994 term by January 1, 1994. However, as indicated in this report, delays in program implementation had already occurred before the schedule was established.

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